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Cotton and Products Update

2018 West Africa Update

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Report Highlights:

Post forecasts MY 2018/19 (August to July) area for Burkina Faso, Chad, Mali, and Senegal at 1.71 million hectares (HA), a 0.9 percent increase from the previous year due mainly to reported area increases in Mali. MY 2018/19 total cotton production for all the aforementioned countries is forecast 11.4 percent higher than the previous year at 3.0 million 480 lb. bales on expectations of strong prices, good weather, and better pest management. MY 2018/19 total exports are expected to increase 10 percent from the previous year on higher exportable supplies and strong international demand. This update primarily focuses on providing an overview of the cotton sector in Senegal; it includes an abridged analysis for Burkina Faso, Mali, and Chad.

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Executive Summary:

Post forecasts MY 2018/19 (August to July) area planted for Burkina Faso, Chad, Mali, and Senegal at 1.71 million hectares (HA), a slight increase from the last update due mainly to reported area increases in Mali. For MY 2018/19 total cotton production for all the aforementioned countries is forecast at 3.0 million 480 lb. bales on expectations of strong prices, good weather, and better pest management. MY 2018/19 total exports are expected to increase 10 percent compared to the previous year on higher exportable supplies and strong international demand.

For Senegal, MY 2018/19 area is forecast at 21,000 HA, five percent higher than last year. Contacts believe that some farmers may consider dedicating more acres to cotton over peanuts because of expectations of stronger profit margins and less competitive peanut prices. MY 2018/19 production is forecast at 33,000 on expectations of good weather. MY 2017/18 area and production is unchanged based on data provided by official contacts. This update primarily focuses on providing an overview of the cotton sector in Senegal; it includes an abridged analysis for Burkina Faso, Mali, and Chad.

Senegal

Production



Cotton farmer with son and horse in Tambacounda, Senegal
Source: FAS/Dakar

MY 2018/19 area is forecast at 21,000 HA, five percent higher than last year. Contacts believe that some farmers may dedicate more acres to cotton over peanuts because of expectations of stronger profit margins and less competitive peanut prices. MY 2018/19 production is forecast at 33,000 480 lb. bales, unchanged from last year assuming good weather. MY 2017/18 area and production is unchanged based on data provided by official contacts.

All cotton farmers plant the same variety of cotton seed, STAM-129, which has a production cycle of about 120 days. Originally from Togo, STAM-129 has a potential yield of 1.2 to 1.5 MT per HA,

although in Senegal its yield tends to be lower (last season it was 800 MT per HA).

Official contacts believe that based on a government funded survey the number of cotton farmers may increase from 25,510 to 27,000, many of which may be younger farmers (between the ages of 18 and 30). Family size is an important factor in determining how much cotton area can be planted. On average, most farms are about 0.25 to one HA. Cotton farmers stated they heavily rely on family members for planting and the harvest, adding that they do not have enough money to hire outside labor.

According to SODEFITEX, on average it takes one person one month to harvest one HA of cotton. Before Guinea-Bissau joined the CFA zone in 1997, numbers of Bissau-Guineans used migrate to southern Senegal to harvest cotton for 28,000 CFA francs (\$49) per HA. Now the cost for harvesting cotton is 60,000 CFA francs (\$104) per HA to competing job opportunities in gold mining and lumber sectors. Labor for planting seeds and applying fertilizer costs about 17,000 CFA francs (\$30) per HA; labor for tilling soil costs about 35,000 CFA francs (\$61) per HA.

Prices for urea and NPK have remained the same as last year at 12,132 CFA francs (\$21.10) and 16,038 CFA francs (\$27.89), respectively.



FAS/Dakar visits SODEFITEX ginning plant in Tambacounda, Senegal
Source: FAS/Dakar

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Senegal only has one cotton company, Société de Développement et des Fibres Textiles du Sénégal (SODEFITEX). SODEFITEX was historically a state-owned cotton ginning company; today it is currently owned by four shareholders which include: Geocoton, a private French cotton company (51 percent), the Government of Senegal (46.5 percent), CBAO Attijari Bank (1.25 percent), and the National Agricultural Credit Bank of Senegal (CNCAS) (1.25 percent). SODEFITEX has five mills with a total annual ginning capacity of 68,000 MT. All farmers are required to exclusively sell their cotton to SODEFITEX.

Cotton farmers are organized into village-level cooperatives that are members of the farmers union Fédération nationale des producteurs de coton (FNPC). According to the FNPC, SODEFITEX functions as a one-stop-shop for cotton farmers. SODEFITEX distributes all inputs to farmers, provides credit services so that farmers can obtain loans from CNCAS bank to buy inputs, provides technical assistance to farmers, collects and buys all cotton produced by farmers, and conducts technical assessments for crop insurance payouts.

Value Added Cotton

MY 2018/19 consumption is forecast at 2,000 480 lb. bales, unchanged from last year. Approximately two percent of Senegal's cotton is processed in country to make yarn, half of which goes to a large textile mill near Dakar called Nouvelle Société Textile Sénégalaise (NSTS). According to media sources, 80 percent of NSTS' yarn is exported (mainly to Europe and Morocco); the rest is sold locally to produce traditional cloth.

Cotton seeds constitute about 55 percent of the weight of the seed cotton before ginning. About 2,000 to 3,000 MT of seed are saved for each planting season. SODEFITEX also sells seed as livestock feed at 140 CFA francs per KG. Cotton waste and short fibers are sold to local companies to produce pillows and cleaning rags.

Trade

For MY 2018/19, exports are projected at 31,000 480 lb. bales. MY 2017/18 exports are unchanged at 30,000 480 lb. bales. In general, almost all Senegal's cotton exports go to Asia for textile manufacturing. Last year, Indonesia and Malaysia were the main buyers.

Cotton bales are transported from the southeastern region of Senegal, where the ginning mills are located, by truck to the Port of Dakar.

Stocks

MY 2018/19, are forecast at 3,000 480 lb. bales, slightly higher than last year. According to contacts, virtually no stocks are stored in country.

Policy

In MY 2017/18, the Government of Senegal provided subsidies to SODEFITEX to fund a universal weather index based crop insurance for all cotton farmers through the National Agricultural Insurance Company of Senegal (CNAAS). All cotton farmers are automatically enrolled in the program when they apply for bank loans in order to purchase inputs.

Burkina Faso

Production

MY 2018/19 (August to July) area is forecast at 850,000 HA, unchanged from last year. According to contacts, farmers who do not traditionally grow cotton will not dedicate new acreage to cotton due to pest problems and low yields that were experienced last year, and are weary of taking risks. Otherwise, farmers who do traditionally grow cotton are reportedly expected to maintain acreage on expectations of strong farm gate prices. MY 2018/19 production is projected to be 1.5 million 480 lb. bales assuming good weather and no pest problems. According to the state-owned cotton company SOFITEX, 54 percent of seedlings were planted on time, 22 percent were planted early, and 24 percent were planted late due to delayed rains. MY 2017/18 production is estimated at 1.2 million 480 lb. bales due to drought and unusually high pest pressures.

Consumption and Value Added Cotton

For MY 2018/19, Post forecasts domestic consumption at 25,000 480 lb. bales on steady domestic demand. MY 2017/18 domestic consumption remains unchanged at 25,000 480 lb. bales. For more on Burkina Faso's cotton fiber industry, see [2018 Cotton Annual](#).

Trade

For MY 2018/19 cotton exports are forecasted at 1.475 million 480 lb. bales, up 26 percent on expectations of strong international demand and higher exportable supplies. MY 2017/18 exports are projected down to 1.175 million 480 lb. bales on lower exportable supplies.

Stocks

Post estimates MY 2018/19 stocks at 10,000 480 lb. bales. Cotton fiber is sold before the beginning of the marketing campaign and is transported to the Port of Abidjan or the Port of Dakar. According to contacts, virtually no stocks are stored in country.

Policy

In April, 2018, the Government of Burkina Faso gave five billion CFA francs (\$9 million) to SOFITEX to forgive the debt of farmers who were unable to pay their loans due to crop losses last year (for more information, see [2018 Cotton Annual](#)). In addition, the Government and Burkina Faso's three ginning companies are continuing to subsidize inputs, which will be offered at the same price as last year (see Table 2).

Mali

Production

For MY 2018/19 (August to July) cotton area is forecast to increase 3.5 percent to 730,000 HA on expectations of higher farm gate prices and continued subsidized NPK and urea that may influence farmers to plant more cotton. MY 2018/19 cotton production is forecast up 1.1 percent to 1.420 million 480 lb. bales assuming good weather. MY 2017/18 area is estimated at 705,000 HA due to the lack of labor and equipment according to contacts. MY 2017/18 production is estimated at 1.405 million 480 lb. bales on good weather.

Consumption and Value Added Cotton

MY 2018/19 consumption is forecast at 25,000 480 lb. bales, unchanged from last year. Approximately 98 percent of Mali's lint cotton production is exported and only two percent remains in country for processing into artisanal weaving yarns and printed fabrics. Cotton seed is used to produce oil, feed and soap.

Trade

MY 2018/19 exports are forecast up slightly to 1.395 million 480 lb. bales on expectations of strong international demand and higher exportable supplies. MY 2017/18 exports are estimated at 1.380 million 480 lb. bales, a 13.4 percent decrease on lower exportable supplies. Eighty percent of Mali's cotton fiber is sold to intermediaries and traders; the rest is sold directly to end buyers such as overseas textile companies. The crop is either transported to the port of Dakar or Abidjan for shipment.

Stocks

MY 2018/19 stocks are forecast at 6,000 480 lb. bales, unchanged from last year. Contacts said that virtually no stocks remain in country. Mali's main state-owned ginning company Compagnie Malienne pour le Développement des Textiles (CMDT) rents warehouses in Dakar, Abidjan and San Pedro with a combined port capacity of 40,000 MT. Their biggest warehouse is in Dakar which has a storage capacity of 21,000 MT.

Policy

The MY 2018/19 farm gate cotton price for first grade cotton is fixed at 255 CFA francs, a two percent increase compared to the previous year. Moreover, in MY 2017/18, farmers received a bonus of 15 CFA francs per KG, a 114 percent increase. Fertilizer and urea are subsidized at 29 percent and 17 percent, respectively; pesticides are not subsidized (see Table 3).

Chad

Production

MY 2018/19 area is forecast down 8.3 percent to 110,000 HA on expectations that farmers will decide to grow other crops or find off-farm employment because COTONTCHAD, the state-owned cotton ginning company, may be unable to buy cotton. COTONTCHAD has been financially unstable for the past few years. MY 2018/19 seed cotton production is forecast at 55,000 480 lb. bales assuming good weather. MY 2017/18 area and production levels are estimated down to 120,000 HA and 62,000 480 lb. bales due to a lack of inputs, drought, and flooding.

According to media sources, in May, 2018 the Chadian government sold 60 percent of its stake in COTONTCHAD to Singapore-based agribusiness Olam International. Olam plans to rehabilitate the cotton sector and aims to increase cotton production to 580,000 480 lb. bales by 2023.

Trade

MY 2018/19 exports are projected at 105,000 480 lb. bales, down 27 percent from last year because of lower exportable supplies. MY 2017/18 exports are estimated at 143,000 480 lb. bales due to lower exportable supplies.

Table 1. West Africa: Fixed Farm Gate Prices for Grade One Cotton

(CFA francs)	Official 2015/16 Farm Gate Price	Official 2016/17 Farm Gate Price	Official 2017/18 Farm Gate Price	Official 2018/19 Farm Gate Price
Burkina Faso	235 (\$0.41)	235 (\$0.41)	245 (\$0.89)	250 (\$0.43)

Mali	237.5 (\$0.41)	250 (\$ 0.43)	250 (\$0.43)	255 (\$0.44)
Chad	240 (\$0.42)	220 (\$0.38)	N/A	TBA
Senegal	255 (\$0.44)	255 (\$0.44)	300 (\$0.52)	300 (\$0.52)

Source: Official sources; \$1= 575 CFA francs; CFA francs per KG

Table 2. West Africa: Pricing for NPK (Nitrogen, Phosphorus, Potassium) Fertilizer, Urea

(CFA francs)	Official 2015/16 Input Prices	Official 2016/17 Input Prices	Official 2017/18 Input Prices	Official 2018/19 Input Prices
Burkina Faso	NPK: 15,000 (\$26.09) Urea: 15,000 (\$26.09)	NPK: 15,000 (\$26.09) Urea: 15,000 (\$26.09)	NPK: 15,000 (\$26.09) Urea: 15,000 (\$26.09)	NPK: 15,000 (\$26.09) Urea: 15,000 (\$26.09)
Mali	NPK: 11,000 (\$19.13) Urea: 11,000 (\$19.13)	NPK: 11,000 (\$19.13) Urea: 11,000 (\$19.13)	NPK: 11,000 (\$19.13) Urea: 11,000 (\$19.13)	NPK: 11,000 (\$19.13) Urea: 11,000 (\$19.13)
Chad	NPK: 16,000 (\$27.83) Urea: 15,000 (\$26.09)	NPK: 16,000 (\$27.83) Urea: 15,000 (\$26.09)	N/A	TBA
Senegal	NPK: 11,880 (\$20.66) Urea: 9,500 (\$16.52)	NPK: 11,880 (\$20.66) Urea: 9,500 (\$16.52)	NPK: 16,038 (\$27.89) Urea: 12,132 (\$21.10)	NPK: 16,038 (\$27.89) Urea: 12,132 (\$21.10)

Source: Official sources; \$1= 575 CFA francs; CFA francs per KG

Production, Supply and Demand Data Statistics (1000 Hectares (HA), 1,000 480 lb. Bales, PERCENT, KG/HA)

Cotton Market Begin Year	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Senegal						
Area Harvested	20	20	20	20	25	21
Beginning Stocks	6	6	2	2	3	3
Production	28	28	33	33	40	33
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	34	34	35	35	43	36
Exports	30	30	30	30	35	31
Use	2	2	2	2	2	2
Loss	0	0	0	0	0	0
Total Dom. Cons.	2	2	2	2	2	2
Ending Stocks	2	2	3	3	6	3
Total Distribution	34	34	35	35	43	36
Stock to Use %	6.25	6.25	9.38	9.38	16.22	12.5
Yield	305	305	359	359	348	342

Cotton Market Begin Year	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Burkina						
Area Harvested	700	700	850	850	750	850
Beginning Stocks	240	240	475	10	500	10

Production	1310	1310	1300	1200	1400	1500
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1550	1550	1775	1210	1900	1510
Exports	1050	1515	1250	1175	1350	1475
Use	25	25	25	25	25	25
Loss	0	0	0	0	0	0
Total Dom. Cons.	25	25	25	25	25	25
Ending Stocks	475	10	500	10	525	10
Total Distribution	1550	1550	1775	1210	1900	1510
Stock to Use %	44.19	0.65	39.22	0.83	38.18	0.67
Yield	407	407	333	307	406	384

Cotton Market Begin Year	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mali						
Area Harvested	655	655	730	705	740	730
Beginning Stocks	386	386	501	6	526	6
Production	1240	1240	1350	1405	1370	1420
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1626	1626	1851	1411	1896	1426
Exports	1100	1595	1300	1380	1300	1395
Use	25	25	25	25	25	25
Loss	0	0	0	0	0	0
Total Dom. Cons.	25	25	25	25	25	25
Ending Stocks	501	6	526	6	571	6
Total Distribution	1626	1626	1851	1411	1896	1426
Stock to Use %	44.53	0.37	39.7	0.43	43.09	0.42
Yield	412	412	403	434	403	424

Cotton Market Begin Year	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Chad						
Area Harvested	315	315	120	120	120	110
Beginning Stocks	151	151	291	191	151	100
Production	350	350	120	62	120	55
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	501	501	411	253	271	155
Exports	200	300	250	143	125	105
Use	10	10	10	10	10	10
Loss	0	0	0	0	0	0
Total Dom. Cons.	10	10	10	10	10	10
Ending Stocks	291	191	151	100	136	40
Total Distribution	501	501	411	253	271	155
Stock to Use %	138.57	61.61	58.08	65.36	100.74	47.62
Yield	242	242	218	112	218	109